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ABSTRACT

This statement before the United States House of Representatives Subcommittee on Postsecondary Education reviews what students and their parents know about college costs and student aid, and examines the types of tuition-guarantee programs and their effectiveness. It reports that students have limited knowledge of the cost of attending different kinds of schools. They also know little about the availability of federal student aid, even during the last 2 years of high school. Minority and low-income students and their families did not have markedly less information than others. Secondary-school counselors were not generally regarded as important sources of financial aid information. Postsecondary school motivation was primarily influenced by academic ability, grades, family income, and desire to continue education. In 1988-89 over 42,000 students participated in private-sector programs involving early notice of guaranteed financial aid and additional support. The paper concludes that: (1) systematic information and evaluation is lacking and requires time and care to obtain; (2) due to the problems of information dissemination, perhaps a reconceptualization of federal student aid programs is in order; and (3) cost is not the primary barrier in making the decision to pursue higher education. (JB)

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Before the Subcommittee on Postsecondary Education
United States House of Representatives

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Mr. Chairman and Members of the Committee:

I am pleased to be here today to discuss our work on student aid and early intervention.

The major federal strategy to stimulate pursuit of higher education is student aid; however, little is gained from that strategy if important information about that aid fails to reach students and their parents. Families need to be aware of the facts concerning student aid in order to accurately estimate costs, plan how to meet them, and, in the early grades, lay the academic and motivational foundations both for completing school and meeting the entrance requirements for the next level of schooling.

Currently, knowledge of available student aid is limited and inaccurate, and many students who probably could benefit from higher education end their schooling early. Specifically, the completion rate for high school has remained steady from 1977 to 1987 at about 85-86 percent, which means we are losing about 15 percent of students who never finish high school. And while the proportion of high school graduates (16 to 24 years old) enrolled in college increased somewhat in the last decade, it still stands at less than 40 percent overall (including enrollments in both 2- and 4-year colleges), and much less (only 26 percent) for black males. Thus, the combination of the educational preparation of students at the precollege level and the college financial aid that

is available to them, appear not to be stimulating much increase in the rate at which our nation's students go on to pursue higher education. Many observers contend that this situation represents a risk to the nation's future well-being.

Because of concern over the slow growth in the areas of school completion and college attendance, the Chairman of the Senate Labor and Human Resources Committee asked us to review what students and parents know about college costs and student aid and also to look at a variety of private-sector initiatives offering guarantees of college aid as well as other help. I am pleased that, as you begin examination of the broad area of early interventions in preparation for reauthorization of the Higher Education Act, you have given us the opportunity to discuss the results of these two studies with you.

I will focus my comments today first and more briefly on the knowledge gap, and then turn to the kinds of promising practices we found that address not only that gap but also the broader array of barriers that must be surmounted if more young people, especially those from poor and minority backgrounds, are to pursue higher education. We documented definite knowledge gaps; however, we did not make recommendations in the area of student aid information since we did not gather evidence on different methods of providing information and their relative effectiveness. In addition, we did not make recommendations about tuition-guarantee

efforts because the ones we saw were too new to have demonstrated long-term success; we do, however, have observations about key dimensions of implementation, including costs, as well as some early results.

This information is described in more detail in our two reports.[1]

My major points are as follows:

-- Students and parents have limited knowledge of the cost of attending different kinds of schools--both grossly overestimating and underestimating different cost elements. They also know surprisingly little about the availability of federal student aid, and this persists even as students pass through the last two years of high school. Minority students and their families or members of low-income families did not have markedly less information than others, though Hispanic students were the least likely to know about aid.

-- Secondary-school counselors are not generally regarded as important sources of financial aid information; higher

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[1]Higher Education: Gaps in Parents' and Students' Knowledge of School Costs and Federal Aid, GAO/PEMD-90-20BR (Washington, D.C.: July 1990); Promising Practice: Private Programs Guaranteeing Student Aid for Higher Education, GAO/PEMD-90-16 (Washington, D.C.: June 1990).

education institutions were the primary source, followed by informal sources such as family members and friends.

-- Facts about the extent of knowledge of student aid need to be seen in context--that is, aid information is only one of many influences on postsecondary school motivation and choice. Academic ability, high school grades, family income, and desire to continue education are more highly related to attendance than is knowledge of aid.

-- In 1988-89, over 42,000 students were involved in private-sector programs involving early notice of guaranteed financial aid and often additional academic and other support. These programs differ greatly in their assumptions, designs, and costs.

-- Virtually none of the private programs have been going long enough to show the degree their hopes are realized, though some early data are promising in showing that programs are at least retaining youth in school. Some of the program components, such as early interventions combining intense mentoring and academic support, do seem to have the potential to markedly increase motivation and achievement. The most modest of these ("pay for grades"), which offer small financial incentives and few

services, seem least likely to affect disadvantaged youths' college attendance rates.

-- Systematic research and evaluation are markedly absent in both of the areas we reviewed. Clearcut recommendations about the best (most efficient, most effective) action will only be possible when programs--of information-provision or broader intervention--are evaluated well.

I will turn first to a more detailed discussion of our work on student aid information and then to the tuition guarantee programs.

KNOWLEDGE OF COLLEGE COSTS AND STUDENT AID

Scope and Method

For this review, we examined available studies on students' and parents' knowledge of federal financial aid for postsecondary education. We also conducted a number of interviews and performed our own secondary analysis of available data from the High School and Beyond Survey. We examined the following four questions:

-- What is known about students' and parents' knowledge of federal financial aid at different points in time as students progress through junior high and high school?

-- Has considerable variance been found in the extent of this knowledge among different populations?

-- What sources have contributed to this knowledge?

-- What consequences can be attributed to different degrees of knowledge of federal financial aid?

In performing this synthesis, we identified potentially relevant studies done since 1980 through the use of computerized literature searches. We also contacted state educational agencies, professional groups involved with student aid, and university researchers in an effort to identify unpublished studies or data. We augmented the literature by analyzing previously unstudied data from the High School and Beyond Survey.

We found that useful evidence was scarce and had substantial shortcomings for the purposes of answering these questions. For example, many of the studies had idiosyncratic samples, old data, and low response rates, which limit generalizability. In addition, a major national study used by many authors worded one key question very ambiguously and received a low response rate as well. We only attempted to answer questions about knowledge; we did not review evaluations of information-provision programs such as hotlines or advertising campaigns (and these did not turn up often in the research as major sources of information).

Findings on the Four Questions

In answering our first question, on basic knowledge levels, we found that students and parents knew surprisingly little about financial aid for higher education or the costs of postsecondary schools. A major national study in 1980 found that only 12 percent of high school sophomores were aware of the Pell Grant program and only 8 percent were aware of Stafford Loans. The same study found that although seniors were much more likely to recognize these programs--only 18 percent were unaware of Pell Grants and 26 percent of Stafford Loans--most appeared to have only rudimentary additional information about aid programs, including those for which they might be eligible. Parents lacked information about financial aid throughout their children's junior high and high school years. Fewer than half the parents of high school seniors in 1980 were able to identify major federal financial aid programs.

We also found that students and parents held erroneous views about financial aid and school costs. Many students and parents misunderstood aid requirements and thus believed incorrectly that they were ineligible for aid. Parents and students tended to both grossly overestimate and underestimate different elements of the cost of higher education. Both kinds of mistake can lead people to limit their consideration of different school options.

On the second question, we found that there was a relation between a family's income and its level of awareness of federal financial aid. In general, students and parents from low-income families knew relatively more about Pell Grants, while those from higher-income families knew relatively more about loans. We found a similar relationship between parents' educational level and their awareness of financial-aid options. However, the differences between these groups were small.

Seeking information on the third question, on the origins of whatever information people did have, we found higher education institutions were the primary source of information about financial aid for most students and parents, followed by informal sources such as family members and friends. At least during the periods covered by the studies we reviewed, high school counselors were not generally regarded as important sources of financial aid information.

Parents are interested in learning about financial aid and thus are willing recipients of financial aid information. We found that parents, including those who were indifferent to their children's postsecondary education plans, desired to participate in financial aid information activities.

Fourth, and last, concerning the consequences of this knowledge, we found that students from families with knowledge of

financial aid at the time the students were in high school were far more likely to apply for aid than students from families without knowledge at this time. In addition, we found a relationship between knowledge of financial aid and postsecondary school attendance. Students who were aware of the availability of financial aid as high-school sophomores were more likely to enroll in a postsecondary school. We cannot conclude, however, that increased knowledge of financial aid will increase the likelihood of postsecondary enrollment. It is not possible to determine from the available studies whether knowing of financial aid availability is a precursor to the desire to pursue postsecondary education or whether the desire to continue education explains the differences in awareness of financial aid.

Though increasing knowledge of available student aid might seem an efficient way to increase college-going, in fact such knowledge is only one of many influences on students' postsecondary education decisions. Other key factors are academic ability, high school grades, family income, and motivation to continue education, each more highly related to postsecondary attendance than is knowledge of financial aid. However, it is possible that elementary and secondary school teachers and counselors may increase the probability that students will aspire to and pursue postsecondary education when they provide early and realistic information on postsecondary school costs and the many ways of meeting them.

TUITION-GUARANTEE PROGRAMS

To change the disappointing pattern of slow growth, especially among disadvantaged youth, in the rate of those going on to higher education, private individuals and organizations started programs in the 1980's that offered such students early notice of guaranteed financial aid for college and, often, additional academic and other support in preparation for further education. Early positive reports on a few programs drew wide attention but little formal evaluation.

The Senate Committee on Labor and Human Resources asked us to review current tuition-guarantee programs to determine their characteristics, the key issues facing them--and likely to face others considering starting similar efforts--as well as their results to date. We gathered data on the aims and operations of these tuition-guarantee programs, along with any evidence of program results and of factors that might affect expansion or replication elsewhere.

Background

It became evident in our analysis of the data showing limited knowledge of student aid that the decision to pursue higher

education involves students and their parents in weighing many factors and requires multiple steps of prior preparation reaching back years before school graduation. Clearly, more than student aid information is involved. Academic preparation for college requires selection of particular classes as early as the ninth grade; school completion requires persistence in the face of many obstacles, sometimes including peer pressure against academic effort; and college attendance requires surmounting yet additional hurdles, such as completing complex applications and paying the bills. Diverse public and private organizations work to increase the high school graduation and college attendance rates of poor and minority youth in many ways (for example, through tutoring or scholarships). In addition, such targeted federal programs as student financial aid and Upward Bound have been in existence for many years.

Some, though not all, of the guaranteed-tuition programs of the 1980's differ from earlier programs in that they constitute comprehensive efforts, starting early in the school career, to increase the chances of academic success for disadvantaged youths. These new programs combine a financial aid guarantee, personal and often intense mentoring, and a wide range of program elements aimed at increasing both motivation and academic skills so that school success would come to be both valued and feasible.

Scope and Method

To understand the programs, we gathered information by survey and site visit. We surveyed all programs that could be found in 1988-89, a total of 111, and achieved a response rate of 62 percent. The number that could not be located can only be estimated: there may have been as many as 120 others at the time we did our work, and perhaps more since then. We visited six diverse programs, and at each one discussed activities and results to date with a wide range of participants, interviewing a total of 93 people and visiting 11 schools. In addition, we examined the opportunities for sound future evaluation of the programs' results, which is especially important in light of the widely reported early successes of a few programs.

Results Promising Enough To Suggest Further Experimentation

We found the private sector programs promising because of their participants' significant efforts, the generally plausible program designs, and some early indications of positive results (largely in the area of student retention in school). Thus, we concluded that it would be reasonable to expect others to make further attempts along these lines. However, if they did so at present, they would have to proceed in general ignorance of existing programs' success in attaining some of their most important goals--for example, whether current tuition-guarantee

programs increase the access of disadvantaged students to higher education, or which of several different program models are most cost-effective in improving educational motivation and accomplishments for these students. We found that only modest data are being kept, and systematic evaluation efforts are few and uncertain. If this situation does not change, the answers to the most critical questions about the effectiveness of tuition-guarantee programs can only be impressionistic.

Program Strategies Differ, and Some Are More Promising Than Others

We found four quite different types of programs that represent different strategies about how early the intervention should start, what type and size of student participant group should be formed, how strong the financial incentive should be, and how intensive project services should be. The most comprehensive are typically "sponsorship" programs, in which one individual or organizational donor starts to provide intensive academic help, mentoring (personal support), and other services to a small, broad-based (that is, not selected based on prior academic performance) group of students. The least intense are typically "pay-for-grades" programs, in which a donor provides few services but puts modest funds, based on students' grades, into accounts for use later in paying higher education expenses.

These programs are new. They presently reach only a tiny fraction of the nation's disadvantaged students. However, some of them appear to be achieving an important success in keeping the selected student groups intact and in school. This is a critical precondition for any other effects. Some program components--especially the early intervention, personal mentoring, and intensive academic help in "sponsorship" programs--seem to have the potential to markedly increase motivation and achievement.

Current Scale of Guarantee Programs of All Kinds

Our survey data show that in 1988-89 at least 42,496 students then in school were involved in tuition-guarantee programs. At least 2,884 additional students then enrolled in postsecondary education received a total of $1.6 million in tuition benefits. Thirty-nine programs reported a total endowment of $22.7 million to support future tuition payments. We found major differences across four types of programs, including the number of students involved, the extent of services offered, and annual operating expenses.

Differences Among Four Types of Guarantee Programs

"Sponsorship" programs were the most common of the tuition-guarantee programs, begun either by individuals or organizations. The founder of such a program typically selects one or two complete

classrooms of students at elementary or junior high school level, guarantees postsecondary tuition, and usually agrees to serve as personal mentor for the young people through the school years and to pay for support staff and related programming. These programs provide the most intensive educational services to the participating precollege students of the four program types. In 1988-89, 37 sponsorship programs responding to our survey (a rate of 53 percent) served 3,617 students at an average cost per year of $923 per student. Few of these programs have graduated students or paid out guaranteed tuition yet. However, most do report success in retaining their students in school thus far. We also saw examples of substantial extra academic help for students that could make a big difference in student achievement and motivation to go further.

"Last-dollar" programs help high school juniors and seniors learn about and apply for student aid, and also guarantee students the remaining assistance (the last dollars) needed to attend postsecondary school after all other sources of assistance have been exhausted. Staff of 12 last-dollar programs responding to our survey (a rate of 92 percent) reported that in 1988-89 they advised nearly 17,000 students at an average cost per year of $431 per student, and also paid out $1.54 million in grants to 2,389 students now in higher education. They offer few other supportive services. Several have been in operation for some years, have

helped many students, but lack evidence (other than participants' opinions) of the unique impact of these efforts.

"University-based" programs may guarantee admissions and tuition at a particular institution and also offer mentoring and other services while selected or volunteer students complete high school. A few universities operate sponsorship programs to help a selected group through high school and then guarantee tuition at any institution after graduation. In 1988-89, 16 university-based programs responded to our survey (a rate of 67 percent), and their staff reported serving almost 1,900 students with average annual expenses of $328. None of these programs has begun giving tuition benefits to graduates, but the programs generally reported success in retaining students in school.

"Pay-for-grades" programs are the fourth type of tuition-guarantee program. In these programs, tuition funds are guaranteed only if a student receives specified grades in school subjects. Staff from four of these programs (a 100 percent response rate) reported that in 1988-89 nearly 20,000 students received these rewards (payment into an account set aside for future tuition), together with relatively few support services, so that the average cost was only $111 per student. Pay-for-grades programs reported paying out funds totaling $73,000 to nearly 500 high-school graduates in 1988-89. However, because of the modest incentive they offered and (in some cases) the large percentage of

nonwinners, such programs appeared least likely to affect disadvantaged youths' college attendance rates.

Implementation Problems

Current program staff predicted that others attempting such programs would most often encounter problems finding funds to pay for current services, to hire staff, and to fund the tuition guarantees. In addition, they warned that maintaining contact with students was difficult. Sponsorship program staff often cited minimal cooperation or even resistance from family members as a barrier, though we noted that parents may reasonably be expected to resent the intrusion and competition that strong mentors may represent in a family.

Evaluation Shortcomings

Evaluation can be a tool for improving current programs, maintaining staff morale (in cases where the data are as promising as these appear to be), assisting others who are starting similar programs, as well as assessing what works and why. Yet we found some negative attitudes concerning the merits of systematic evaluation, especially of the more complex sponsorship programs. Respondents from most programs did report collecting some data, including students' school progress and grades. Data collection seems to be lagging or absent, however, on other key items, such as

test scores, school attendance, family information, and the support services used by students. The programs' current data-collection efforts do not appear to constitute comprehensive, systematic evaluations. We judge such evaluation to be essential and suggest the need for a comparison-group design. Until evidence from such evaluations is available, conclusions about the effectiveness of tuition-guarantee programs will continue to be tentative and qualified.

CONCLUDING COMMENTS

Although we made no specific recommendations in these two reports, I believe there are several general implications that it may be useful to highlight in my conclusion, for your consideration as you weigh the various proposals for new and expanded early intervention.

First, building evaluation into any new efforts is useful (including specific funding set-asides) in view of the gaps we found in the current knowledge of what works and the minimal effort commonly devoted to evaluation in the absence of specific direction. Comparison-group designs are vital, but they require special care and long-term effort to be carried out properly (owing to the need to keep in touch with similar youths not enrolled in the program to learn of their educational outcomes).

Second, the uncertainty over the effect of information alone on student and parent decisions suggests that we should not let our hopes get too high concerning the positive effects of information strategies alone, despite their appearance of potential cost-efficiency. Though information improvement is a highly plausible strategy, we know little of the most effective ways to implement it, and success in overcoming barriers to higher education probably requires earlier and more powerful interventions than those based on information alone. On the other hand, given the fact that federal student aid does exist, it is clear that its maximum usefulness depends on parents' and students' awareness, very early on, of its availability. And, given the additional fact that our data show a substantial lack of this awareness, what this suggests is a real need to reconceptualize our federal student aid programs to emphasize outreach and dissemination of information about what resources are available much earlier and in a much broader way than has hitherto been done.

And third, despite the undeniable importance of reducing the cost barriers to higher education access, we heard repeatedly from those involved in the guarantee efforts that "the tuition guarantee isn't the major factor." They were saying that even when the cost (to the students) of higher education approaches zero, personal and academic support are needed to bring the young people to the doorstep of higher education and to move them beyond it successfully. Our evidence of the extraordinary efforts being made

in the most comprehensive "sponsorship" programs to provide the extent of support the programs' designers believe is needed (extra weeks and months of supplementary schooling; nights, weekends, and summers of close guidance and activities)--at an average cost of about $900 per year per student, starting in junior high school--suggests the level of effort that may be needed more generally. Our study does indicate the importance and the potential of having private-sector help in this effort, but it is obvious that the journey will be long and costly if this is the path we must take. Yet to do less than what is necessary is not really a viable solution, either for our students or for our nation in the context of the broader issues of domestic productivity and international competitiveness that confront us now and will continue to do so for the foreseeable future.

This concludes my statement, Mr. Chairman. I will be glad to answer any questions that you and the other members of the Subcommittee may have.